

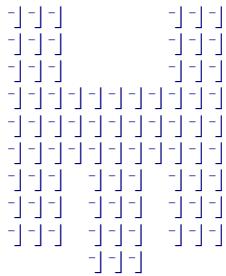
**VITA NOVA, INC.**

**REPORT ON AUDIT OF  
CONSOLIDATED FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2023**  
*(with comparable totals for 2022)*

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# Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

125 Butler Street • West Palm Beach, FL 33407

(561) 689-6000 • Fax (561) 689-6001 • [www.holyfieldandthomas.com](http://www.holyfieldandthomas.com)

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors of  
Vita Nova, Inc.  
West Palm Beach, Florida

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Vita Nova, Inc. (a not-for-profit corporation), which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Vita Nova, Inc. as of September 30, 2023, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vita Nova, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vita Nova, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Vita Nova, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vita Nova, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial

statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2024, on our consideration of Vita Nova, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Vita Nova, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vita Nova, Inc.'s internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited Vita Nova, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
May 22, 2024

*As of September 30, 2023**(with comparable totals for 2022)*

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 96,877	\$ 265,416	\$ 362,293	\$ 625,080
Investments	882,884	-	882,884	840,300
Grants receivable	131,626	5,000	136,626	111,424
Pledges receivable	41,105	58,895	100,000	-
Prepaid expenses	30,365	-	30,365	27,974
Total current assets	1,182,857	329,311	1,512,168	1,604,778
Investments, in endowments	5,219,047	-	5,219,047	4,696,192
Pledges receivable, net	-	737,100	737,100	-
Deposits	36,672	-	36,672	34,247
Property and equipment, net	3,005,152	-	3,005,152	3,030,494
Operating right-of-use lease assets, net	799,827	-	799,827	-
Total assets	<u>\$ 10,243,555</u>	<u>\$ 1,066,411</u>	<u>\$ 11,309,966</u>	<u>\$ 9,365,711</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	\$ 56,757	\$ -	\$ 56,757	\$ 20,951
Accrued expenses	83,554	-	83,554	116,822
Other current liabilities	19,392	-	19,392	24,562
Refundable advance	14,000	-	14,000	5,000
Current portion of note payable	5,772	-	5,772	5,225
Operating lease obligations, current portion	166,134	-	166,134	-
Total current liabilities	345,609	-	345,609	172,560
Note payable	20,460	-	20,460	26,275
Operating lease obligations, net of current portion	663,391	-	663,391	-
Total liabilities	<u>1,029,460</u>	<u>-</u>	<u>1,029,460</u>	<u>198,835</u>
Net assets:				
Without donor restrictions	9,214,095	-	9,214,095	8,892,312
With donor restrictions	-	1,066,411	1,066,411	274,564
Total net assets	<u>9,214,095</u>	<u>1,066,411</u>	<u>10,280,506</u>	<u>9,166,876</u>
Total liabilities and net assets	<u>\$ 10,243,555</u>	<u>\$ 1,066,411</u>	<u>\$ 11,309,966</u>	<u>\$ 9,365,711</u>

See accompanying notes to consolidated financial statements.

*For the Year Ended September 30, 2023**(with comparable totals for 2022)*

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues and support:				
Grants:				
Governmental	\$ 1,785,312	\$ -	\$ 1,785,312	\$ 1,866,177
Foundation	837,826	1,066,411	1,904,237	885,877
Contributions	129,355	-	129,355	86,885
Special events	217,540	-	217,540	155,244
Client service fees	58,168	-	58,168	28,477
In-kind support	2,275	-	2,275	-
Realized and change in unrealized gain (loss)	466,853	-	466,853	(1,389,625)
Investment income, net	167,146	-	167,146	150,115
Total revenues and support	<u>3,664,475</u>	<u>1,066,411</u>	<u>4,730,886</u>	<u>1,783,150</u>
Net assets released from restriction	<u>274,564</u>	<u>(274,564)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services:				
the Spot	1,667,374	-	1,667,374	1,687,886
Village	830,226	-	830,226	547,664
Independent Living	520,306	-	520,306	467,043
Total program services	<u>3,017,906</u>	<u>-</u>	<u>3,017,906</u>	<u>2,702,593</u>
Supporting services:				
Management and general	270,022	-	270,022	526,813
Fundraising	329,328	-	329,328	222,846
Total expenses	<u>3,617,256</u>	<u>-</u>	<u>3,617,256</u>	<u>3,452,252</u>
Change in net assets	321,783	791,847	1,113,630	(1,669,102)
Net assets, beginning of year	<u>8,892,312</u>	<u>274,564</u>	<u>9,166,876</u>	<u>10,835,978</u>
Net assets, end of year	<u>\$ 9,214,095</u>	<u>\$ 1,066,411</u>	<u>\$ 10,280,506</u>	<u>\$ 9,166,876</u>

See accompanying notes to consolidated financial statements.

*For the Year Ended September 30, 2023**(with comparable totals for 2022)*

	2023	2022
Cash flows from operating activities:		
Cash received from grants	\$ 2,827,247	\$ 2,780,111
Cash received from client service fees	58,168	28,477
Cash received from contributions	355,895	252,371
Cash paid to vendors and employees	(3,207,205)	(3,247,596)
Cash paid on operating leases	(188,833)	-
Investment income, net	167,146	150,115
Interest paid	(2,884)	(4,142)
Net cash provided by (used in) operating activities	<u>9,534</u>	<u>(40,664)</u>
Cash flows from investing activities:		
Purchase of investments	(637,653)	(187,438)
Sales/maturities of investments	189,067	173,515
Transfer from investment account	350,000	150,000
Purchase of property and equipment	(168,467)	(370,510)
Net cash used in investing activities	<u>(267,053)</u>	<u>(234,433)</u>
Cash flows from financing activities:		
Payments on vehicle loan	(5,268)	(4,767)
Net cash used in financing activities	<u>(5,268)</u>	<u>(4,767)</u>
Change in cash and cash equivalents	(262,787)	(279,864)
Cash and cash equivalents, beginning of year	625,080	904,944
Cash and cash equivalents, end of year	<u>\$ 362,293</u>	<u>\$ 625,080</u>
Supplemental cash flow information:		
Noncash investing and financing transactions:	<u>\$ 962,565</u>	<u>\$ -</u>

During fiscal 2023, Vita Nova recorded debt, and corresponding right-of-use assets of \$962,565 in the form of operating leases for the right-of-use of its office/program space and copiers.

*See accompanying notes to consolidated financial statements.*



*For the Year Ended September 30, 2023**(with comparable totals for 2022)*

	<u>2023</u>	<u>2022</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 1,113,630	\$ (1,669,102)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	196,084	158,286
In-kind contribution of capital assets	(2,275)	-
Realized and change in unrealized (gain) loss	(466,853)	1,389,625
Lease expense	162,738	-
(Increase) decrease in certain assets:		
Grants receivable	(25,202)	28,057
Pledges receivable	(837,100)	-
Other receivables	-	10,081
Prepaid expenses	(2,391)	14,158
Deposits	(2,425)	(4,108)
Increase (decrease) in certain liabilities:		
Accounts payable	35,806	9,431
Accrued expenses	(33,268)	31,599
Other current liabilities	(5,170)	(8,852)
Refundable advance	9,000	161
Operating lease obligations	(133,040)	-
Net cash provided by (used in) operating activities	<u>\$ 9,534</u>	<u>\$ (40,664)</u>

See accompanying notes to consolidated financial statements.

**VITA NOVA, INC.**

***For the Year Ended September 30, 2023***

	Program Services			
	the Spot	Village	Independent Living	Total
Salary and related costs	\$ 722,517	\$ 265,099	\$ 313,744	\$ 1,301,360
Payroll taxes	57,335	20,216	23,767	101,318
Other employment benefits	121,658	34,634	45,370	201,662
	<u>901,510</u>	<u>319,949</u>	<u>382,881</u>	<u>1,604,340</u>
Advertising	3,315	503	677	4,495
Bank charges and merchant fees	-	1,500	3	1,503
Computer services	16,379	5,617	7,363	29,359
Conferences, conventions, & meetings	9,118	5,462	6,565	21,145
Contract labor	13,885	4,836	6,480	25,201
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Copying and printing	2,245	621	711	3,577
Dues, books, and subscriptions	3,542	316	870	4,728
Equipment rental	7,861	3,665	3,556	15,082
Gifts and volunteer appreciation	1,154	360	457	1,971
Insurance	34,420	40,004	10,226	84,650
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Interest	2,884	-	-	2,884
Miscellaneous	6,749	380	286	7,415
Office supplies	29,831	3,802	1,440	35,073
Postage and shipping	476	94	304	874
Professional fees	35,526	11,065	14,761	61,352
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Rent	204,668	116,720	52,206	373,594
Repairs and maintenance	30,308	45,898	5,486	81,692
Resident assistance	274,114	11,446	4,894	290,454
Special event supplies	-	-	-	-
Staff development	8,218	3,291	4,187	15,696
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Storage	2,635	797	3,709	7,141
Taxes and licenses	150	6,489	545	7,184
Telephone, internet, and television	17,660	14,432	5,057	37,149
Travel	9,586	5,023	1,508	16,117
Utilities	21,266	64,050	5,741	91,057
	<u>1,637,500</u>	<u>666,320</u>	<u>519,913</u>	<u>2,823,733</u>
Total expenses before depreciation				
Depreciation	29,874	163,906	393	194,173
	<u>\$ 1,667,374</u>	<u>\$ 830,226</u>	<u>\$ 520,306</u>	<u>\$ 3,017,906</u>

*See accompanying notes to consolidated financial statements.*

**CONSOLIDATED STATEMENT  
OF FUNCTIONAL EXPENSES**

*(with comparable totals for 2022)*

Supporting Services			
Management and General	Fundraising	2023 Total	2022 Total
\$ 148,112	\$ 157,161	\$ 1,606,633	\$ 1,567,464
8,657	11,988	121,963	123,443
13,680	16,943	232,285	213,229
170,449	186,092	1,960,881	1,904,136
578	6,351	11,424	12,429
2,517	3,664	7,684	6,659
4,728	2,111	36,198	28,925
3,300	6,372	30,817	18,985
3,699	1,808	30,708	48,235
322	4,969	8,868	11,962
1,671	349	6,748	6,577
601	911	16,594	20,808
2,002	4,045	8,018	3,924
7,057	2,926	94,633	69,798
-	-	2,884	4,142
1,841	630	9,886	10,944
3,380	1,903	40,356	36,076
132	221	1,227	1,293
11,201	6,371	78,924	64,658
30,749	14,750	419,093	362,242
3,894	1,334	86,920	70,516
25	17	290,496	407,256
-	76,401	76,401	52,900
346	1,225	17,267	4,966
755	380	8,276	9,328
564	2	7,750	2,896
4,855	2,041	44,045	38,723
10,487	2,480	29,084	18,152
3,268	1,665	95,990	77,436
268,421	329,018	3,421,172	3,293,966
1,601	310	196,084	158,286
<u>\$ 270,022</u>	<u>\$ 329,328</u>	<u>\$ 3,617,256</u>	<u>\$ 3,452,252</u>

*See accompanying notes to consolidated financial statements.*

For the Year Ended September 30, 2023

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**1. Summary of Significant Accounting Policies***Organization and Purpose*

Vita Nova, Inc. (Vita Nova) was incorporated under the laws of the State of Florida on September 19, 1991 as a not-for-profit corporation for the purpose of owning, operating, and/or providing programs and services to older foster youth in Palm Beach County. These programs and services help lead these young adults to self-sufficiency. Vita Nova maintains three buildings for the purpose of operating a youth independence program. Vita Nova may solicit funds, contributions, and gifts of any kind, and accept any gift, device, bequest and property of any kind, subject to its own internal donation acceptance policy.

Vita Nova's mission is to help young adults' transition to independence by providing a stable, nurturing environment that includes housing, counseling, and education. To achieve its mission, Vita Nova provides various programs contracted through federal, state, county, and private grants. Vita Nova is committed to being the following:

- A premier provider of quality services related to supporting youth transitioning from foster care to independence.
- Recognized as a leader and partner, connecting and networking with community groups to respond to the needs of its target population.

The State of Florida has laws that govern preparing a youth for aging out of the foster care system. These laws are called independent living services and they exist to help a youth learn the skills and the resources they will need prior to leaving the child welfare system. Vita Nova has been awarded a contract from the lead agency in the State of Florida to coordinate these services for youth and young adults. There are approximately 500 young people from Palm Beach County eligible for these services and Vita Nova's independent services team provides a level of care and preparation to help our young adults learn the skills they need to be successful self-sufficient adults. Brief descriptions of Vita Nova's significant programs are as follows:

- *the Spot* is a drop-in center program for homeless youth, or those at risk of homelessness. It is the first drop-in center of its kind in Palm Beach County, and provides education, employment, vocational and health related resources, as well as access to stable housing for young adults, ages 18-25 years old either formerly from foster care or community youth. Programs under the Spot umbrella include:
  - *YHDP Diversion* is the Youth Homeless Demonstration Program to provide Diversion services to youth at risk of homelessness funded by US Housing and Urban Development (HUD). The Diversion program serves youth ages 18-24, to specifically reduce the number of youth entering shelter, reduce the length of time youth are homeless, and provide support to stabilize the youth with their current family or supportive adult. Services include intake and assessment, community referrals and linkages, financial support, and outreach services.
  - *YHDP TH-RR* is the Demonstration Program to provide Transitional Housing and Rapid Rehousing to homeless youth ages 18-24 also funded by HUD. The program provides youth with transitional housing for up to 90 days to stabilize the youth and work with them to assist in identifying their own apartments, negotiating with landlords, and moving into their own apartments under Rapid Rehousing that provides rental and utility assistance up to 18 months.

***For the Year Ended September 30, 2023***

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***1. Summary of Significant Accounting Policies, continued***

- *ESG-CV* is the Emergency Shelter Grant under the CARES Act for those impacted by COVID funded by Palm Beach County Board of County Commissioners. The program provides short-term and medium-term rental assistance to prevent homelessness to individuals and families earning 50% or less of the Average Median Income in Palm Beach County. The program pays for past due rent and utility payments as well as rental assistance to keep individuals and families stably housed.
- *The Vita Nova Village* is a program to fill many gaps in services related to youth who age out of their foster home, group homes or adoptive placements and have nowhere to turn. This residential program has capacity for 31 young adults ages 18-25 years old; often these youth need a great deal of help becoming stable with the most common tasks and Vita Nova provides a supportive and caring environment for young adults to thrive. Since opening the doors, the Vita Nova Village has served over 300 young adults with a goal of fostering a successful independent lifestyle for each participant.
- *Vita Nova Independent Living Services* is a program helping older foster youth, ages 18-25, learn living skills that lead to independence according to a Florida Statute protecting the rights of older foster youth in Palm Beach County.

***Presentation***

The accompanying consolidated financial statements reflect the consolidated financial statements of Vita Nova, Inc. (Vita Nova) and Vita Nova Foundation (Foundation), collectively the Organization. The Foundation is formed as a supporting non-profit organization whose main goal is to support Vita Nova's mission. All material inter-organizational transactions and balances have been eliminated in preparing these consolidated financial statements.

***Method of Accounting***

The consolidated financial statements are prepared under the accrual method of accounting, whereby revenues are recognized when earned and expenses when the corresponding liability is incurred.

***Use of Estimates***

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

***Comparable Financial Information***

The consolidated financial statements include certain prior year summarized comparable information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended September 30, 2022, from which the summarized information was derived. Certain 2022 amounts may have been reclassified to conform to 2023 classifications. Such reclassifications would have no effect on the change in net assets as previously reported.

***For the Year Ended September 30, 2023***

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**1. Summary of Significant Accounting Policies, continued***Consolidated Financial Statement Presentation*

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Not-For-Profit Entities, Presentation of Financial Statements*. Under this standard, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: described as follows:

- Net Assets Without Donor Restrictions: this classification includes those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transaction (except income and gains on assets that are restricted by donors or by law) are included in the net asset without donor restriction class.
- Net Assets With Donor Restrictions: this classification includes those net assets whose use by the Organization has been limited by donors to either a later period of time, after a specified date, or for a specified purpose. Other donor-imposed restrictions are perpetual in nature, where the donor and assets that must be maintained in perpetuity.

*Cash and Cash Equivalents*

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except those balances that are part of the Foundation's investment portfolio. For the Vita Nova investment account, the cash in savings is categorized as cash, and funds in the bank deposit program and money market funds are classified as investments. As of September 30, 2023, there was no cash in savings balances.

*Investments*

Pursuant to FASB ASC 958-320, *Investments-Debt and Equity Securities*, the Organization's investments are stated at fair value. Investment earnings, realized and unrealized gains and losses, and expenses are included in the change in net assets in the consolidated statement of activities.

*Grants Receivable*

Grants receivable consists primarily of receivables from various granting organizations. An allowance for uncollectible receivables is based on historical experience, management's knowledge of the individual receivables, and the probability of collection. The Organization considers its grants receivable to be fully collectible and therefore, as of September 30, 2023, no allowance for doubtful accounts is considered necessary.

*Property and Equipment*

Property and equipment are recorded at cost, if purchased, or fair value, if donated, less accumulated depreciation. Depreciation is computed using the straight-line method over useful lives of 5-39 years. Costs of major renewals and improvements, in excess of \$1,000, that extend useful lives are capitalized. Expenditures for routine maintenance and repairs are charged to expense as incurred.

For the Year Ended September 30, 2023

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**1. Summary of Significant Accounting Policies, continued**

*Revenue Recognition*

- *Contributions* - The Organization accounts for contributed goods and services, which meet certain criteria, as contributions at their estimated fair value at date of receipt. The Organization reports contributions, including unconditional promises to give, as support without donor restrictions unless they are received with donor stipulations that limit the use of the gift. When a donor restriction expires, that is, a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. However, if the restriction is met in the same period as the restricted income is received, the Organization classifies such income as support without donor restrictions.
- *Grants-Governmental* – Revenue arising from governmental grants under various federal, state, and county programs is recognized when expenditures are made for the purpose specified. These grants generally are on a cost reimbursement basis or fee for service, including recoverable overhead. Grant funds received in advance for program cost reimbursements of the purpose specified are classified as refundable advances.
- *Grants-Foundation* – Revenue arising from foundation grants is generally considered to be contributions and recognized in accordance with the provisions of FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*.
- *Contributed Services* - Unpaid volunteers have made significant contributions of their time to develop and maintain the Organization's programs. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The amount of such services is recorded in the consolidated financial statements as in-kind support, and as an offsetting expense at the estimated fair market value at the date of receipt.

The Organization receives generous support of volunteers who donate their time in many areas and while deemed important to the Organization, these volunteer services do not formally meet the criteria for recognition.

*Functional Expenses*

Expenses are reported on a functional basis. Direct expenses of a specific function are charged accordingly. The costs of providing the various programs and other activities have been detailed in the consolidated statement of functional expenses and summarized on a functional basis in the consolidated statement of activities. Certain expenses attributable to program services and supporting services were allocated by management based upon either the number of employees in each department or the relative square footage of facilities used in the activities of the Organization.

*Advertising Costs*

The Organization expenses the cost of advertising as incurred. Advertising expense was \$11,424 for the year ended September 30, 2023, and is reported in the consolidated statement of functional expenses.

For the Year Ended September 30, 2023**1. Summary of Significant Accounting Policies, continued***Income Taxes*

Vita Nova is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is a supporting organization and is exempt from income taxes under Section 509(a)(3) of the IRC. Accordingly, there is no liability for income taxes reflected in these financial statements.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. The Organization assesses its income tax positions based on management’s evaluation of the facts, circumstances, and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. There are currently no open Federal or State tax years under audit.

*Recently Adopted Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This standard replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding “right-of-use” assets. The Organization also elected to adopt ASU 2018-11, *Leases (Topic 842) – Targeted Improvements*. ASU 2018-11 amends ASC 842 so that entities may elect not to recast their comparative periods in transition. The ASU allows entities to change their date of initial application to the beginning of the period of adoption. In doing so, entities would apply Accounting Standards Codification – *Leases (Topic 842)* in the comparative periods and provide disclosures required by ASC 840 for periods that continue to be presented in accordance with ASC 840.

**2. Liquidity and Availability of Resources**

Financial assets available for general expenditure within one year of the statement of financial position date that are without donor restrictions or other restrictions limiting their use comprise the following:

Cash and cash equivalents	\$ 362,293
Investments – Vita Nova	882,884
Grants receivable	136,626
Pledges receivable	<u>41,105</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,422,908</u>

The Organization is substantially supported by grants from governmental agencies and foundations, as well as other contributions without and with donor restrictions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Some of the Organization’s net assets with donor restrictions are available for general expenditure within one year of September 30, 2023 because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Organization in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.



**For the Year Ended September 30, 2023**

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**2. Liquidity and Availability of Resources, continued**

Furthermore, as explained earlier in these notes, these financial statements are consolidated with the Vita Nova Foundation, which is a supporting organization of Vita Nova, Inc. The Foundation typically provides an annual contribution to Vita Nova on an as needed basis and as approved by the Foundation's Board. This year there was no contribution as the Foundation expected Vita Nova to use the proceeds from the Thrift Store sale in fiscal 2021. If there were a contribution it would be eliminated in the consolidating statement of activities included in the supplementary information section of these financial statements. Also, the Foundation holds a significant amount of investments to provide continued support to Vita Nova. As of September 30, 2023, the Foundation's investment balance is \$5,219,047 as noted on the consolidating statement of financial position.

**3. Fair Value Measurements - Investments**

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Fair Value of Financial instruments:* The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under ASC 820.

*Cash and cash equivalents* – The carrying amount reported approximates fair value.

*Grants receivable* – The carrying amount reported approximates fair value due to the short-term duration of the instruments.

*Pledges receivable* – The carrying amount approximates fair value due to the discount rate applied to the long-term portion of the receivable.

*Accounts payable, accrued expenses, other current liabilities, and refundable advance* – The carrying amount reported approximates fair value due to the short-term duration of the instruments.

***For the Year Ended September 30, 2023*****3. Fair Value Measurements - Investments, continued**

*Lease obligations* – The carrying amount approximates fair value, as the applicable interest rate approximates current market rates.

*Items Measured at Fair Value on a Recurring Basis:* The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are measured at fair value on a recurring basis under ASC 820. There has been no change in the methodologies used as of September 30, 2023.

*Investments – Cash equivalents held in investment accounts, exchange traded product funds, equity funds, fixed income funds, mutual funds* – Valued by the custodian as determined from the quoted market prices, if available, of a national securities exchange on the last business day of the fiscal year.

As of September 30, 2023, major categories of investments, all measured at Level 1, consisted of the following:

<u>Description</u>	<u>Fair Value</u>	<u>Historical Cost</u>	<u>Unrealized Gain (Loss)</u>
Investments:			
Cash equivalents	\$ 560,257	\$ 560,257	\$ -
Fixed income securities	347,165	372,105	(24,940)
Mutual funds	1,887,981	1,558,933	329,048
Exchange traded funds	1,717,007	1,407,506	309,501
Equity securities	1,501,460	1,422,581	78,879
Alternative investments	<u>88,061</u>	<u>100,000</u>	<u>(11,939)</u>
Total investments	<u>\$ 6,101,931</u>	<u>\$ 5,421,382</u>	<u>\$ 680,549</u>

Investment management fees of approximately \$29,734 were paid during the year and directly reduce investment income. These fees are part of investment income, net, in the consolidated statement of activities.

Investments:	
Vita Nova	\$ 882,884
Foundation	<u>5,219,047</u>
Total investments	<u>\$ 6,101,931</u>

**4. Pledges Receivable**

During the year, Vita Nova received a one million dollar pledge receivable from a foundation for the construction of its Omega Housing Project (the "Project") for a new youth housing complex as described in Note 5. Vita Nova is to receive \$100,000 each year over the next 10 years. The long-term portion of the pledges receivable has been discounted to present value using the Mid-term Applicable Federal Rate (AFR) of 4.19%. Management believes that the pledge receivable is fully collectible and, therefore, no allowance for uncollectible receivable was considered necessary.

After year-end, an agreement with HUD was signed to fund \$750,000 of the Project. Much of the funding has been received or committed for this project and a capital campaign will be held to raise the approximately \$250,000 unfunded portion.

For the Year Ended September 30, 2023**5. Property and Equipment**

Property and equipment as of September 30, 2023, consisted of the following:

Land	\$ 388,624
Building and improvements	3,547,216
Furniture, fixtures, and equipment	366,109
Vehicles	<u>178,785</u>
	4,480,734
Less accumulated depreciation	( 1,516,687)
Plus construction in process	<u>41,105</u>
	<u>\$ 3,005,152</u>

Depreciation expense for the year ended September 30, 2023 was \$196,084. The construction in process is pre-construction costs incurred during the year for the Omega Housing Project. Construction has not commenced as of year-end. Vita Nova is in the process of site approvals and anticipates permitting to take 6 to 9 months. Construction is to begin at the beginning of calendar year 2025 and to be completed by the end of that year. Once the Project is placed in service, depreciation expense will be recorded.

**6. Note Payable**

Vita Nova has a note payable to a financing institution, secured by a vehicle. The note requires monthly payments of principal and interest that started in September 2021, and matures six years later in August 2027. The annual percentage rate for the note is 10.03%.

Annual principal payments on the note payable for the years ending September 30, are as follows:

2024	\$ 5,772
2025	6,380
2026	7,052
2027	<u>7,028</u>
	26,232
Less current portion	<u>5,772</u>
Note payable	<u>\$ 20,460</u>

**7. Leases**

The Organization occupies its administration office space and the Spot drop-in center in West Palm Beach, subject to a lease that originally commenced on February 1, 2018. This lease has been renewed after its initial five-year term and is currently under a lease term that began on January 31, 2023, and expires January 31, 2028. The lease includes scheduled annual increases each year. In addition, the Organization leases office equipment under two non-cancelable leases with the latest lease expiring in February 2027. Furthermore, the Organization leases apartments for its various programs. Four of those leases were terminated during the year, while ten remain as of year-end that are twelve-month lease agreements. The Company has elected a package of practical expedients whereby non-lease components are not separated from the lease components.

For the Year Ended September 30, 2023**7. Leases, continued**

Operating right-of-use assets as of September 30, 2023, consisted of the following:

Operating right-of-use assets	\$ 962,565
Less accumulated amortization	<u>(162,738)</u>
Net operating right-of-use assets	<u>\$ 799,827</u>

Operating lease obligations as of September 30, 2023, consisted of the following:

Right-of-use liability	\$ 829,525
Less current portion	<u>(166,134)</u>
Non-current portion	<u>\$ 663,391</u>

Operating lease expense for the year ended September 30, 2023, consisted of the following:

	<u>Amortization</u>	<u>Finance Charges</u>	<u>Total</u>
Operating leases	<u>\$ 162,738</u>	<u>\$ 55,793</u>	<u>\$ 218,531</u>

Total rent expense under all operating leases was \$435,687 for the year ended September 30, 2023, as reported in line items shown for rent and equipment rental on the consolidated statement of functional expenses of \$419,093 and \$16,594, respectively. The difference between total lease expense of \$435,687 and operating lease expense as noted above of \$218,531 is \$217,156, which includes short-term lease payments for the apartment locations, variable copier charges, and a copier lease that terminated during the year.

Undiscounted future lease payments under operating leases as of September 30, 2023, for each of the next five years and thereafter, include:

2024	\$ 212,221
2025	220,009
2026	217,312
2027	221,818
2028	<u>73,955</u>
Total	945,315
Less discount to present value	<u>(115,790)</u>
Present value of future lease payments	829,525
Less current portion	<u>166,134</u>
Non-current portion	<u>\$ 663,391</u>

The lease discount for the office/program space, and the copiers has been calculated using an interest rate of 6.25%, which approximates the incremental borrowing rate of the Organization for the acquisition of the related assets.

The weighted average lease term for the operating leases is 4.25 years. The weighted average discount rate for the operating leases is 6.25%.

**For the Year Ended September 30, 2023**

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**8. Net Assets**

The assets with donor restrictions are restricted for the following purposes, and or time restrictions as of September 30, 2023:

Omega Housing Project	\$ 795,995
the Spot expenses	<u>270,416</u>
	<u>\$ 1,066,411</u>

**9. Concentrations***Cash*

The Organization maintains accounts at institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2023, cash was completely covered by the federal insurance limits, leaving no exposure.

*Revenue Support and Grants Receivable*

During the year ended September 30, 2023, approximately \$482,000 (10%), and \$705,000 (15%) of the Organization's support was from ChildNet, and U.S. Dept. of Housing and Urban Development (HUD), respectively. The balance due from ChildNet and HUD was approximately \$42,000 (30%), and \$5,100 (4%) of grants receivable as of September 30, 2023, respectively. In addition, Vita Nova received a one million dollar pledge from a Foundation (Note 4) during the year that accounted for 21% of the Organization's support.

**10. Contingencies**

Grants require the fulfillment of certain conditions as set forth in the grant agreements and are subject to audit and adjustment by grantor agencies. Failure by the Organization to comply with the terms of the grants, including disallowance of costs, could result in a liability. The Organization expects the amounts of such liability, if any, to be immaterial.

**11. Retirement Plan**

The Organization maintains the Vita Nova, Inc. 401(k) Plan (the "Plan"), a 401(k) defined contribution plan covering all eligible employees of the Organization. An employee may elect to defer up to 90% of compensation as a contribution to the Plan as per the Plan agreement. As of February 1, 2021, the Plan was amended to institute a match of 50% of deferrals up to the first 6% of the participant's compensation. For the year ended September 30, 2023 there were \$17,438 of employer matching contributions, which are included in other employment benefits in the consolidated statement of functional expenses.

**12. Endowment**

The Organization's endowment consists of investment funds created to provide ongoing financial support to Vita Nova and are held within the Foundation. The endowment is board designated by the Foundation to be held for a specific purpose or in perpetuity and earnings on the endowment are without donor restrictions.

*For the Year Ended September 30, 2023*

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**12. Endowment, continued**

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which became effective July 1, 2012, and provides a) consistent investment and spending standards to all forms of charitable funds, b) strengthens the concept of prudent investing, c) abandons historic dollar value as a floor for expenditures and provides more flexibility to the organization in making decisions about whether to expend any portion of an endowment fund, and d) provides a process for the release or modification of restrictions on a gift instrument.

The adoption by the Foundation of the provisions of the law does not have a significant change in its management and investment policies of endowment.

As a result of this standard, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Currently there are no net assets with donor restrictions in the endowment.

The Foundation has adopted conservative investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total-return-based distribution strategy, meaning that it will fund distributions from net investment income, net realized capital gains and proceeds from the sale of investments. The distribution of portfolio's assets will be permitted to the extent that such distributions do not exceed a level that would erode the portfolio's real assets over time. The Foundation utilizes the services of a financial advisor who provides input into the investment strategy policy. Furthermore, the Board of Directors of the Foundation will review its investment and spending policies on an annual basis for possible revision.

The Foundation's annual appropriations, if any, are determined at the discretion of the Foundation's Board of Directors unless specific instructions are provided by future endowment donors.

**For the Year Ended September 30, 2023**

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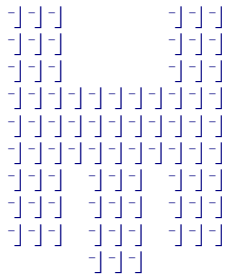
**12. Endowment, continued**

The changes in endowment net assets for the year ended September 30, 2023 are as follows:

Endowment net assets, beginning	\$ 4,696,192
Contributions	-
Investment return:	
Investment income	160,680
Investment expenses	(23,649)
Other administration expenses	(3,259)
Net unrealized gains	<u>385,824</u>
Endowment net assets, ending	<u>\$ 5,215,788</u>
Investments, in endowments	\$ 5,219,047
Less accounts payable associated with endowment assets	<u>(3,259)</u>
Endowment net assets, ending	<u>\$ 5,215,788</u>

**13. Subsequent Events**

Vita Nova's management has evaluated subsequent events through May 22, 2024, the date on which the consolidated financial statements were available to be issued, and determined there were no events required to be disclosed in these financial statements.



# Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

125 Butler Street • West Palm Beach, FL 33407

(561) 689-6000 • Fax (561) 689-6001 • [www.holyfieldandthomas.com](http://www.holyfieldandthomas.com)

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of  
Vita Nova, Inc.  
West Palm Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Vita Nova, Inc., which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 22, 2024.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Vita Nova, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vita Nova, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Vita Nova, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.



## **Report on Compliance and Other Matters**

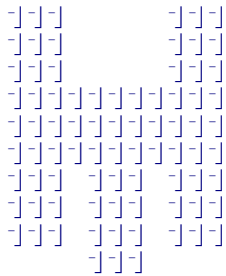
As part of obtaining reasonable assurance about whether Vita Nova, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
May 22, 2024



# Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

125 Butler Street • West Palm Beach, FL 33407

(561) 689-6000 • Fax (561) 689-6001 • [www.holyfieldandthomas.com](http://www.holyfieldandthomas.com)

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Vita Nova, Inc.  
West Palm, Florida

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Vita Nova, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Vita Nova, Inc.'s major federal programs for the year ended September 30, 2023. Vita Nova, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Vita Nova, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Vita Nova, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Vita Nova, Inc.'s compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Vita Nova, Inc.'s federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Vita Nova, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Vita Nova, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Vita Nova, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Vita Nova, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Vita Nova, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs. See finding 2023-01 for Assistance Listing #14.267 Continuum of Care Program, YHDP for the Special Test Compliance Requirement. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Vita Nova, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Vita Nova, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
May 22, 2024

For the Year Ended September 30, 2023SECTION I – SUMMARY OF AUDITOR’S RESULTS*Financial Statements*

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None noted
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor’s report issued on compliance on major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes

## Major programs:

Federal Grantor	U.S. Department of Housing and Urban Development
Assistance Listing Number	14.267
Name of Federal Program or Cluster	Continuum of Care Program, YHDP
Dollar Threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	No

For the Year Ended September 30, 2023

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

No findings are reported.

**SECTION III – FINDINGS AND QUESTIONED COSTS**

**Finding No. 2023-001** Significant deficiency for Major Program - U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, Youth Homeless Demonstration Program (YHDP) – Assistance Listing No. 14.267.

**Condition:** Rent was not deemed reasonable for one vendor included in the compliance test.

**Criteria:** Compliance attribute “N” Special Tests and Provisions requires reasonable rental rates for this program as per the Compliance Supplement.

**Cause:** There is a procedure in place to complete rent reasonableness via a few different methods including accessing the Section 8 Housing website and including 3 comparable properties to determine that the rent charged to the tenant and paid by Vita Nova is reasonable. The worksheet for the subject property stated that the requested rent was not reasonable and suggested a reduced rent amount. However, the actual rent paid was not reduced and was paid at the requested rate.

**Effect:** The cost of rental assistance was potentially too high and could be disallowed.

**Context:** We selected client tenants from the 4 largest vendors by expense as coded to the client rental assistance account during the fiscal year 10/1/2022 to 9/30/2023. Of those vendors, one of them had two tenants placed at a 2 bedroom/2 bath location. The rent reasonableness worksheet concluded that the requested rent of \$1,600 was not reasonable and suggested a reduced rent of \$1,200 per tenant per month to bring the rent in the reasonable range. The rent was charged and paid at the higher rate from the inception of the lease to the end of the fiscal year, plus one month’s rent for security deposit, which is allowed, but also at the higher rate. In total the overage of \$400 per month plus security deposit for each tenant for the months of the lease in the fiscal year amounted to a \$4,800 overage that could be considered unreasonable. Subsequent to year end the overage was found and the Program Director explained the issue to the landlord and negotiated a reduced rent so over the remaining months rent would be reduced by the overage of \$4,800. Therefore, the issue was resolved within the lease term for each tenant, but crossed fiscal years.

**Recommendation:** We recommend that when the rent reasonableness worksheet reflects that the proposed rent is not reasonable, the lease contracts should not be approved, and negotiations should begin with the landlord to get the rent within the reasonable range. To ensure this step is taken, we recommend that the Program Director initial each rent reasonableness worksheet before the lease is signed for the client tenant.

**Views of Responsible Officials and Planned Corrective Actions:** The Organization agrees with the finding and has already implemented the process to approve the rent reasonableness worksheet by the Program Director. See the corrective action plan for the above finding no. 2023-001 for the year ended September 30, 2023, with respect to federal awards on page 30 of this report.

**PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**

Federal Programs – There were no audit findings or questioned costs for the year ended September 30, 2022, relative to federal awards, requiring action on the part of the auditee.

**SUPPLEMENTARY INFORMATION**



## CORRECTIVE ACTION PLAN

May 22, 2024

Vita Nova, Inc. respectfully submits the following corrective action plan for the year ended September 30, 2023.

Name and address of independent public accounting firm:

Holyfield & Thomas, LLC, 125 Butler Street, West Palm Beach, FL 33407

Audit period:

For the fiscal year ended September 30, 2023.

The findings from the September 30, 2023 schedule of findings and questions costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS – FEDERAL AWARD PROGRAM AUDITS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

2023-001 Significant deficiency for the Continuum of Care Program, Youth Homeless Demonstration Program (YHDP) – Assistance Listing No. 14.267.

*Recommendation:* We recommend that when the rent reasonableness worksheet reflects that the proposed rent is not reasonable, the lease contracts should not be approved, and negotiations should begin with the landlord to get the rent within the reasonable range. To ensure this step is taken, we recommend that the Program Director review, and initial each rent reasonableness worksheet before the lease is signed for the client tenant.

*Action Taken:* In September 2023, Vita Nova reassigned the YHDP program to the oversight of a new Director of Housing. In late October 2023, the new Director identified the specified issue as part of a detailed file review and immediately took action to correct this error. New lease agreements were established with both tenants as of November 2, 2023, using rent reasonable rates. Vita Nova has since taken additional steps to ensure this and other similar errors do not reoccur as follows:

- Housing Case Managers are not authorized to complete rent reasonableness worksheets. This procedure is completed directly by the Director of Housing.
- If the requested rent is found to not be reasonable, the Director of Housing initiates negotiations with the landlord.
- If rent reasonable rates are not able to be negotiated, the lease will not be signed.
- The Director of Housing approves all lease contracts and related rental costs.
- Peer file reviews are conducted by Housing Case Managers (HCM) on a monthly basis, and review sheets are submitted to the Director of Housing. The Director of Housing then completes a follow-up

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internal review and returns any comments to the respective HCM(s) with a correction date for any needed revisions within 7 days.

If the U.S. Department of Housing and Urban Development (HUD) has any questions regarding this plan, please call Kelly Landrum, Chief Operating officer at (561) 517-0040.

Respectfully,

A handwritten signature in black ink, appearing to read 'Kelly Landrum', with a long horizontal line extending to the right.

Kelly A. Landrum  
Chief Operating Officer

For the Year Ended September 30, 2023

Federal Grantor Pass-through Entity Federal Program Title	Assistance Listing No. / Award Number	Federal Expenditures
U.S. Department of Health and Human Services Passed through from the Florida Department of Children and Families, via ChildNet, Inc.:		
	93.674	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	VIT23EFC VIT21EFC	\$ 124,500 <u>357,340</u>
Total Department of Health and Human Services		<u>481,840</u>
U.S. Department of Housing and Urban Development:		
	14.267	
Continuum of Care Program, YHDP TH RR	FL0840Y4D052100	163,469
Continuum of Care Program, YHDP Diversion	FL0841Y4D052101	541,462
	14.218	
Passed through from State of Florida, via Palm Beach County: Community Development Block Grants/Entitlements Grants	R2021-1517	14,121
	14.231	
Emergency Solutions Grant Program	R2021-1001	<u>19,229</u>
Total Department of Housing and Urban Development		<u>738,281</u>
Total expenditures of federal awards		1,220,121
Other government grants		<u>565,191</u>
Total governmental grants		<u>\$ 1,785,312</u>

*See independent auditor's report.*

*For the Year Ended September 30, 2023*

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Vita Nova, Inc. under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Vita Nova, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Vita Nova, Inc.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

Vita Nova, Inc. has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

*See independent auditor's report.*

*As of September 30, 2023*

	Vita Nova	Foundation	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and cash equivalents	\$ 362,293	\$ -	\$ -	\$ 362,293
Investments	882,884	-	-	882,884
Grants receivable	136,985	-	(359)	136,626
Pledges receivable	100,000	-	-	100,000
Prepaid expenses	30,365	-	-	30,365
Total current assets	1,512,527	-	(359)	1,512,168
Investments, in endowments	-	5,219,047	-	5,219,047
Pledges receivable, net	737,100	-	-	737,100
Deposits	36,672	-	-	36,672
Property and equipment, net	3,005,152	-	-	3,005,152
Operating right-of-use lease assets, net	799,827	-	-	799,827
Total assets	<u>\$ 6,091,278</u>	<u>\$ 5,219,047</u>	<u>\$ (359)</u>	<u>\$ 11,309,966</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	\$ 53,857	\$ 3,259	\$ (359)	\$ 56,757
Accrued expenses	83,554	-	-	83,554
Other current liabilities	19,392	-	-	19,392
Refundable advance	14,000	-	-	14,000
Current portion of note payable	5,772	-	-	5,772
Operating lease obligations, current portion	166,134	-	-	166,134
Total current liabilities	342,709	3,259	(359)	345,609
Note payable	20,460	-	-	20,460
Operating lease obligations, net of current portion	663,391	-	-	663,391
Total liabilities	<u>1,026,560</u>	<u>3,259</u>	<u>(359)</u>	<u>1,029,460</u>
Net assets:				
Without donor restrictions	3,998,307	5,215,788	-	9,214,095
With donor restrictions	1,066,411	-	-	1,066,411
Total net assets	<u>5,064,718</u>	<u>5,215,788</u>	<u>-</u>	<u>10,280,506</u>
Total liabilities and net assets	<u>\$ 6,091,278</u>	<u>\$ 5,219,047</u>	<u>\$ (359)</u>	<u>\$ 11,309,966</u>

*See independent auditor's report.*

*For the Year Ended September 30, 2023*

	Vita Nova	Foundation	Eliminations	Consolidated
Revenues and support:				
Grants:				
Governmental	\$ 1,785,312	\$ -	\$ -	\$ 1,785,312
Foundation	1,904,237	-	-	1,904,237
Contributions	129,355	-	-	129,355
Special events	217,540	-	-	217,540
Client service fees	58,168	-	-	58,168
In-kind support	2,275	-	-	2,275
Income from supporting organization	-	-	-	-
Realized and change in unrealized gain	81,029	385,824	-	466,853
Investment income, net	30,115	137,031	-	167,146
Total revenues and support	<u>4,208,031</u>	<u>522,855</u>	<u>-</u>	<u>4,730,886</u>
Expenses:				
Program services:				
the Spot	1,667,374	-	-	1,667,374
Village	830,226	-	-	830,226
Independent Living	520,306	-	-	520,306
Total program services	<u>3,017,906</u>	<u>-</u>	<u>-</u>	<u>3,017,906</u>
Supporting services:				
Management and general	266,763	3,259	-	270,022
Fundraising	329,328	-	-	329,328
Total expenses	<u>3,613,997</u>	<u>3,259</u>	<u>-</u>	<u>3,617,256</u>
Change in net assets	594,034	519,596	-	1,113,630
Net assets, beginning of year	4,470,684	4,696,192	-	9,166,876
Net assets, end of year	<u>\$ 5,064,718</u>	<u>\$ 5,215,788</u>	<u>\$ -</u>	<u>\$ 10,280,506</u>

*See independent auditor's report.*